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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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Federal Communications Commission
Office of Secretary

In the Matter of)

Assessment and Collection of Regulatory)
Fees for Fiscal Year 1997)

MD Docket No. 96-186

To: The Commission

REPLY COMMENTS OF CENTURY CELLUNET, INC.

Century Cellunet, Inc. ("Century")¹ hereby submits its reply to initial comments on the Commission's Notice of Proposed Rulemaking in the above-captioned proceeding.² Century strongly supports the comments of the Personal Communications Industry Association ("PCIA") and others to the extent that they raise questions concerning the Commission's new cost accounting system and challenge the proposed significant increase in per unit fees to be levied on CMRS Mobile Services. As detailed below, Century submits that the *Notice* has failed to explain adequately the methodology behind its new fee structure or justify the imposition of an even higher regulatory fee on the increasingly deregulated CMRS industry.

The *Notice* proposes, for the first time, to use cost accounting data to identify the agency's actual regulatory costs and to base the FY 1997 fees on those costs. However, as

¹ Century, through its subsidiaries and affiliated partnerships, provides cellular service in numerous markets throughout the country. As such it currently holds both cellular and point-to-point microwave licenses.

² *Assessment and Collection of Regulatory Fees for Fiscal Year 1997*, FCC 97-49 (Mar. 5, 1997) (Notice of Proposed Rulemaking) [hereinafter "*Notice*"].

underscored by several of the commenters, the *Notice* fails to provide sufficient information as to how its new cost accounting mechanism works.³ For example, inadequate information is provided to permit interested parties to evaluate how costs are collected and valued. Further, there is no information presented on how the costs of activities and resources benefiting more than one fee category (*e.g.*, enforcement activities, consumer information, omnibus rulemakings, and even rent and utilities) are allocated among those different categories. In addition, the *Notice* simply does not identify which FCC activities are included in the “actual” cost tally.⁴ The omission of this crucial, fundamental information prevents interested parties from being able to meaningfully evaluate the validity of the “actual” regulatory costs attributed to various fee categories, such as CMRS Mobile Services, and thus whether the new fees proposed are appropriate and consistent with the Commission’s statutory directive.

Moreover, the *Notice* wholly fails to justify the tremendous increase in fees required of CMRS Mobile Services. As pointed out by PCIA, the *Notice*’s proposal would result in a 41 percent increase over last year’s per unit fee for broadband CMRS providers.⁵ This is on top of similarly huge increases in fees for each of the last few years.⁶ Yet another significant

³ See Comments of Comsat Corporation at 9-10; Comments of GE American Communications, Inc. at 3; Comments of PCIA at 4-8.

⁴ As pointed out by PCIA and GE American Communications, Inc., while the *Notice* states that “Authorization of Service” is not a feeable activity for purposes of calculating actual costs, it does not identify which activities (*e.g.*, auction preparations, additional personnel hired to tackle application backlogs) fall within this classification and thus are exempted from the calculation of “actual” regulatory costs for a particular fee category. See Comments of PCIA at 6; Comments of GE American Communications, Inc. at 3.

⁵ Comments of PCIA at 5.

⁶ For FY 1994, the per-unit regulatory fee for cellular providers was \$0.06 per

increase for this fee category seems wholly at odds with the fact that the CMRS industry is becoming increasingly deregulated. With respect to the cellular service, in particular, recent rule modifications have significantly reduced the number of FCC filings such licensees are required to submit, have streamlined processing procedures, and have made greater use of cost-saving electronic filing techniques. The proposed fee increase is also inconsistent with the fact that the CMRS industry is growing exponentially, both in terms of subscribership growth and the licensing of many new providers. Because the total fees collected from these providers will naturally be greater, the Commission should be able to meet the higher amount demanded by Congress without again increasing the per unit fee. Indeed, the proposed increase in the per unit fee for CMRS Mobile Services raises substantial questions about the accuracy of the Commission's new cost accounting system – if it accurately reflects costs, the per unit fee for CMRS providers should have decreased.

For the foregoing reasons, Century urges the Commission to provide additional, fundamental information about its fee calculations to permit interested parties to meaningfully evaluate its new accounting methodology and resulting fee recommendations. In addition, the

(...Continued)

subscriber. For FY 1995, this was increased to \$0.15 per unit. For FY 1996, the amount was increased again to \$0.17 per unit. For FY 1997, the *Notice* proposes \$0.24 per unit for this fee category.

Commission should revise its proposed CMRS Mobile Service fee to reflect the fact that the broadband CMRS industry is largely deregulated.

Respectfully submitted,

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